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C O N F I D E N T I A L SECTION 01 OF 02 MUNICH 000423

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TAGS: [PGOV](#) [GM](#)
SUBJECT: GERMANY/BAVARIA: GERMAN COALITION PARTIES
QUARRELING

REF: A. MUNICH 355
[¶B.](#) MUNICH 351

Classified By: Consul General Eric Nelson for reasons 1.4 (b) and (d).

SUMMARY

[¶1.](#) (SBU) The Bavarian Christian Social Union (CSU), dangerously weakened, is attempting to sharpen its profile among Bavarian and national voters, by pursuing an aggressive economic campaign that diverges from that of its sister party, Chancellor Merkel's Christian Democrats. The CSU is finding plenty of opportunities to profile itself locally and nationally in addressing the challenges presented by the financial crisis. For one, Bavarian Minister President Seehofer has threatened to boycott the January 5 "coalition summit" if Chancellor Merkel does not bend to the CSU's recipe for responding to Germany's economic downturn through a tax reform proposal. Merkel needs a strong CSU showing in Bavaria to achieve her goal of a CDU/CSU-FDP coalition after the 2009 national elections, but the CSU's strategy could build tensions between the sister parties. How the CDU-CSU divisions play out could influence national economic policy as well as how the upcoming campaign will shape up in the months to come. End Summary.

CSU SALTING THE CDU'S SOUP

[¶2.](#) (SBU) The CSU still holds Chancellor Merkel partly responsible for the CSU's poor outcome in the September 2008 state elections. Merkel failed to support the CSU, for example, on the tax deductibility of commuting costs, one of the CSU's key issues that the CDU had rejected until the latest ruling by the Federal Constitutional Court that agreed with the position of the CSU. Erwin Huber, former head of the CSU, said "the CDU should have listened to us instead of Finance Minister Steinbrueck (SPD) on this sensitive issue."

[¶3.](#) (C) Karl-Theodor zu Guttenberg, Secretary General of the CSU (PROTECT), told the Consul General on December 17 that the CSU is "heating up the debate" and will meet on January 4 "to map out a strategy for the 2009 election campaign," adding, "We want to be more like the party was under Edmund Stoiber and Franz Josef Straus (both legendary former Minister Presidents)." Or, as Hartmut Koschyk (CSU party whip in the Bundestag) put it to the P/E Chief recently, "We want to be the salt in their soup."

[¶4.](#) (C) Zu Guttenberg and Koschyk reviewed possible approaches the CSU would take with its platform for 2009.

a) Taking a hard line against EU membership not only for

Turkey but also for Ukraine. The CSU could lump Turkey and Ukraine together so neither country could feel singled out for bad treatment. The CSU's new foreign policy spokeswoman in the Bundestag, Dorothee Baer, told Berlin PolMC that this would be a focus of the CSU's campaign for European Parliament elections in June 2009.

b) Insisting on more EU "subsidiarity." The CSU wants more respect for national and regional and local prerogatives in governance and administrative control, such as allowing restrictions on bioengineered seeds.

c) Strengthening and refocusing the economy. The CSU wants a renewed commitment to human over financial capital as a way to address what Koschyk called "a believability problem among the rank and file Germans for the market economy." Zu Guttenberg complained that "Merkel was not being assertive enough on the economy," echoing recent statements by Horst Seehofer, Bavarian Minister President (CSU). However, he also admitted that he could understand her approach since he found her to be "personally conservative" and "not one to be in the front on bold initiatives." He expected she was "trying to maintain her options in 2009" as well as "trying to stay close to the coalition Social Democratic Party (SPD)."

BAVARIA'S PRESIDENT CUTTING A MEAN FIGURE

¶5. (SBU) Finally, MP Seehofer has criticized the CDU in public around Bavaria, in Berlin, and in the media, which reported that CDU leaders viewed his actions as "unpredictable" because he made proposals that strayed from

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the coalition's party line. He criticized the Chancellor's economic course, for example, arguing that Germany needed a larger and more meaningful program than the Chancellor had supported. Seehofer preserved the independence of Bavarian control over the Bayerische Landesbank (BayernLB) by rejecting the Federal rescue package in an attempt to use only Bavarian resources. And, he pushed for immediate tax deductions, not just some time after the election.

COMMENT: CREATING INDIVIDUALITY WITHOUT KILLING EACH OTHER

¶6. (C) Chancellor Merkel and the CDU need a strong and cooperative Bavarian CSU partner in order to win the 2009 Bundestag election. Down in Bavaria, the CSU must get stronger, too, and is fighting for its uniqueness as a regional party with national and international credentials. Although the ultimate goals are compatible, the CSU necessarily must set itself apart from the CDU to prove itself to skeptical locals who knocked the CSU off its high horse in the last election. The challenge for both parties is to allow the CSU to profile itself without killing the relationship, and each other's chances, with an overly aggressive factional campaign.

¶7. (U) Track Munich reporting at

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NELSON